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# General Information

## INTRODUCTION

This section provides a brief introduction to the County government, the budget process, and the structure and contents of the budget documents. The purpose of this section is to acquaint the reader with the organization and contents of this publication as a whole. A glossary of budget terms and concepts, including acronyms, is contained in the Glossary section of this document. In addition, the County produces the following companion documents: Recommended Capital Improvements Program (CIP)/Capital Budget document (published biennially by January 15 in even numbered years); *Montgomery Measures Up!* containing a complete set of program measures related to the Operating Budget (published in early April); and *Fiscal Plan* summarizing the fiscal policy and assumptions for the six year period (published in early April).

## MONTGOMERY COUNTY HISTORY AND DEMOGRAPHICS

Montgomery County was established by the State Convention in 1776, and from its establishment until 1948, the Montgomery County government functioned under the County Commission system. In 1948, the voters adopted a charter giving the County home rule and a council-manager form of government. In 1968, the voters approved a new charter providing for separate legislative and executive branches of government, with legislative power vested in an elected County Council and executive power in an elected County Executive. The new charter became effective with the election of the County Executive and Council in November 1970. The Montgomery County Council is composed of nine members, four of whom are elected by all voters in the county. The remaining five Councilmembers are each elected from one of five Councilmanic districts.

Montgomery County contains 497 square miles (or 316,000 acres) of land area. The current County population is estimated at 931,000, consisting of 61 percent Caucasian and 39 percent cultural minorities. About 45 percent of Maryland's foreign born population resides in Montgomery County.

The median household income (in 2002), was \$79,115. The County's labor force for 2003 is 507,872, with an unemployment rate of 2.5 percent. Montgomery County is an employment center with 58.8 percent of the workforce residing and working in the County. For the 2003 Fall enrollment, 139,203 pupils were registered in the County's schools.

## GOVERNMENT STRUCTURE

### County Government Organization

Montgomery County includes several organizational components and joint ventures, including:

**Montgomery County Government (MCG)**, which includes Executive departments (e.g., Recreation, Public Works and Transportation) and offices (e.g., County Attorney), the County Council's legislative offices and boards, the Circuit Court, and judicial offices;

**Montgomery County Public Schools (MCPS)**, under the authority of the Board of Education (BOE);

**Montgomery College (MC)**, the County's two-year community college, under the authority of its Board of Trustees;

**Maryland-National Capital Park and Planning Commission (M-NCPPC)**, a bi-county agency which manages public parkland and provides land use planning, with administration shared with Prince George's County;

**Washington Suburban Sanitary Commission (WSSC)**, a bi-county agency which provides water and sewer service to Montgomery and Prince George's Counties;

**Housing Opportunities Commission (HOC)**, the County's public housing authority; and

**Montgomery County Revenue Authority**, a public corporation for self-supporting enterprises of benefit to the County.

**Bethesda Urban Partnership**, a not-for-profit organization, executes service contracts for the benefit of one of the Primary Government's special taxing districts (Bethesda Urban District).

Along with M-NCPPC and WSSC, the following organizations are also considered joint ventures of the County: Washington Suburban Transit Commission (WSTC), Washington Metropolitan Area Transit Authority (WMATA), Metropolitan Washington Council of Governments (COG), and Northeast Maryland Waste Disposal Authority (NEMWDA).

The organization chart included at the back of this section is provided to assist the reader to understand the relationship between the Executive's Recommended Budget and the various agencies of government in Montgomery County.

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## LEGAL REQUIREMENTS

The Montgomery County Charter, approved by the voters in 1968 and implemented in 1970, provides for a County Council/Executive form of government. Under this form of government, the Executive develops and recommends budget proposals; the Council then authorizes expenditures and sets property tax rates. The Charter also provides for an annual six-year Public Services Program, Operating Budget, and Capital Budget and a biennial six-year Capital Improvements Program (CIP). These budgets and related fiscal and programmatic plans provide the basis for understanding, coordinating, and controlling County government programs and expenditures.

Requirements for submission of, and action on, County budgets are contained in Article 3 of the County Charter. Copies of the Charter are available at Council offices.

Under the Charter (Section 303), the County Executive is required to submit the proposed Capital Budget to the Council by January 15 and the proposed Operating Budget by March 15. The proposed budgets must identify all recommended expenditures and the revenues used to fund the budgets.

The Charter was amended in 1996 to change the annual requirements for a CIP to a Capital Budget each year and a CIP for periods beginning in odd-numbered fiscal years.

The Charter (Section 305) places restrictions on increases in annual budgets, excluding the operating budgets of non-tax supported Enterprise Funds, WSSC, the bi-county portion of M-NCPPC, and WSTC. The aggregate budget cannot grow more than the Consumer Price Index-Urban (CPI-U) for all urban consumers in the Washington-Baltimore Metropolitan area from November to November without at least six votes of the County Council.

The County Charter was amended in 1990 to include a limit on the annual increase in property tax revenues. Real property tax revenues, with the exception of new construction and property whose zoning or use has changed, may not increase by more than the prior year revenues plus the percentage increase in the Washington-Baltimore Metropolitan area CPI-U unless seven Councilmembers vote to exceed that limit. In addition, the County Council must adopt annual spending affordability guidelines for both the operating and capital budgets which can then be exceeded prior to setting appropriations only by a vote of seven of the nine Councilmembers.

Other sections of the Charter provide for Executive veto or reduction of items in the budget approved by the Council, supplemental appropriations to the budget as approved, special appropriations, executive transfer of unencumbered appropriation balances, and the accumulation of surplus revenues. The Charter further prohibits expenditure of County funds in excess of available unencumbered

appropriations. Current operating expenses may not be funded with long-term debt.

## THE BUDGET PROCESS

### ***Fiscal Year***

The 12-month period used to account for revenues and expenditures in Montgomery County commences on July 1 of each year and ends on June 30 of the following year. A timeline appears later in this section.

### ***Operating and Capital Budgets***

The complete County Executive's Recommended Budget includes: the Capital Improvements Program (CIP), published by January 15 in even-numbered calendar years; the Capital Budget, published annually by January 15; and this document, the Public Services Program (PSP)/Operating Budget, published annually by March 15. For further information about the CIP/Capital Budget, please refer to the Capital Improvements Program (CIP) section of this document.

### ***Spending Affordability Process***

The Spending Affordability process for the operating budget is required by Section 305 of the County Charter and Chapter 20 of the Montgomery County Code.

The County Council must set Spending Affordability Guidelines (SAG) for the operating budget by the third Tuesday in December after a public hearing. The guidelines must specify a ceiling on funding from property tax revenues and a ceiling on the aggregate operating budget. In adopting SAG, the Council considers, among other relevant factors, the condition of the economy, the level of economic activity in the County, and the impact of economic and population growth on projected revenues.

Along with the guidelines, the Council also adopts recommended spending allocations for the tax supported budgets of County Government, the Board of Education, Montgomery College, the Maryland-National Capital Park and Planning Commission, debt service, and current revenue funding for the Capital Improvements Program (CIP).

By the second Tuesday after the State General Assembly adjourns, the Council may amend the adopted guidelines to reflect a significant change in conditions. An amendment may increase or decrease any guideline by a simple majority vote. However, any increase in the aggregate operating budget must not exceed the projected net increase in available resources since the guideline was adopted, applying the tax rates that were assumed in adopting that guideline and considering the rates of any tax approved or repealed since that guideline was adopted.

By the third Tuesday after the General Assembly adjourns, each agency and the Executive must also specify how, if

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necessary, they would reduce the budget request to reach the Council allocation.

The Charter requires the Council to approve the budgets by June 1. An aggregate operating budget which exceeds the aggregate operating budget for the preceding fiscal year by a percentage increase greater than the annual average increase of the Consumer Price Index for all urban consumers for the Washington-Baltimore Metropolitan area, or any successor index, for the twelve months preceding December first of each year requires the affirmative vote of six Councilmembers. An aggregate operating budget which exceeds the SAG ceiling on the aggregate operating budget then in effect requires the affirmative vote of seven Councilmembers.

### **Operating Budget Preparation and Executive Review**

Departments and agencies prepare budget requests within guidelines established by the Executive (for the departments) and by law (for other agencies of government). These are submitted on scheduled dates for analysis by the Office of Management and Budget (OMB) and are reviewed by the Executive during the period January-March. The review process culminates in final decisions and Executive recommendations in the budget document submitted to the Council by March 15.

### **Public Hearings**

Citizen participation is essential to a fair and effective budget process. Many citizens and advisory groups work with specific departments to ensure that their concerns are addressed in departmental requests. The County Charter requires the Council to hold a public hearing not earlier than 21 days after receipt of the budget from the Executive. For further information and dates of the Council's public hearings on the County Executive's Recommended Operating Budget, contact the Legislative Information Office at 240.777.7900. Hearings are held in the Council Hearing Room of the Stella B. Werner Council Office Building, unless otherwise specified.

Public hearings are advertised in County newspapers. Speakers must register with the Council Office to testify at the public hearings. Persons wishing to testify should call the Council Office to register 240.777.7931. If it is not possible to testify in person at the hearings, written testimony is acceptable and encouraged.

### **Council Budget Review**

After receiving input from the public, the Council begins its review of the Executive's Recommended Operating Budget. Each agency budget is reviewed by a designated Council committee. Agency and OMB representatives meet with these committees to provide information and clarification concerning the recommended budget and agency programs. In April and May, the full Council meets in regular sessions,

reviews the recommendations of its committees, and takes final action on each agency budget.

### **Operating and Capital Budget Approval**

The Charter requires that the Council approve and make appropriations annually for the operating and capital budgets by June 1. In even-numbered calendar years, the Council also approves a six-year Capital Improvements Program. Prior to June 30, the Council must set the property tax levies necessary to finance the budgets.

### **Amending the Approved Operating and Capital Budgets**

The operating and capital budgets may be amended at any time after adoption by the Council. The following terms are included in the glossary contained elsewhere in this document:

Supplemental appropriations are recommended by the County Executive, specify the source of funds to finance the additional expenditures, and may occur any time after July 1 of the fiscal year. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State, or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Executive may disapprove or reduce a supplemental appropriation, and the Council may re-approve the appropriation, as if it were an item in the annual budget.

**Special appropriations** are recommended by either the County Executive or County Council, specify the source of funds to finance the additional expenditures, and are used when it is necessary to meet an unforeseen disaster or other emergency or to act without delay in the public interest. The Council may approve a special appropriation after a public notice by news release, and each special appropriation must be approved by six of the nine members of Council.

**Transfers of appropriation**, which do not exceed ten percent of the original appropriation, may be accomplished by either: the County Executive, for transfers within or between divisions of the same department; or by the County Council, for transfers between departments or to new accounts.

## **IMPACT OF THE CIP ON THE OPERATING BUDGET**

The CIP is specifically programmed for a six-year period in order to schedule project expenditures and funding over the several years required for planning and implementation. The six-year CIP is the County's plan for constructing the infrastructure to implement approved master plans and the

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facilities required to deliver government programs and services. The CIP impacts the operating budget in several ways:

**Debt Service.** The annual payment of principal and interest on general obligation bonds and other long-term debt used to finance roads, schools, and other major projects is included in the operating budget as a required expenditure.

**Current Revenue Funding.** Selected CIP projects are funded directly with County current revenues in order to avoid costs of borrowing. These amounts are included in the operating budget as specific transfers to individual projects within the capital projects fund.

**Pay-As-You-Go (PAYGO) Financing.** An additional amount may be included in the operating budget as a direct bond offset to reduce the amount of borrowing required for project financing.

**Operating Budget Impacts.** The construction of government buildings and facilities usually results in new annual costs for maintenance, utilities, and additional staffing required for facility management and operation. Whenever a new or expanded facility involves program expansion, as with new school buildings, libraries, or fire stations, the required staffing and equipment (principals, librarians, fire apparatus) represent additional operating budget expenditures. The Executive's Recommended CIP includes analysis of these operating budget impacts to aid in review and decisions relative to the timing of public facilities and to more clearly show what a new building or road will cost in addition to its construction costs and any required debt service.

**Public Facilities Planning.** Planning for capital improvements projects is tied to the County's continuing development and growth in population, numbers of households, and businesses. Land use master plans and sector plans for the County's geographic planning areas anticipate needs for roads, schools, and other facilities required by new or changing population. Functional plans anticipate needs for government functions and services ranging from provision of water and sewerage to solid waste disposal, libraries, and fire and rescue services. Other studies assess future educational, health, and human services needs of the County. These plans are analyzed for likely new facilities or service delivery requirements and their potential operating costs which will eventually add to annual operating budgets. Each year, the County continues its efforts to improve the linkages between the PSP, the CIP, and County planning activities.

## **CONTENTS OF THE OPERATING BUDGET DOCUMENT**

The purpose of the budget document is to present to the public and the County Council a comprehensive picture of proposed operations and expenditures for the budget year beginning July 1. The major components of the Recommended Budget and Public Services Program are described below in order of appearance in this document.

### ***County Executive's Budget Message and Highlights***

The County Executive's budget message conveys the major highlights of the budget. Components of the message include: the financial status of the County; budget highlights, including major program initiatives or changes; proposed changes in taxes and other major revenue sources; and the Executive's recommended expenditure priorities for the upcoming year.

### ***Fiscal Policy***

Fiscal policy defines the policies of government with respect to taxes, spending, and debt management. The purpose of fiscal policy is to provide guidance for sound and prudent public practice in the planning and financing of public expenditures. It includes the policy assumptions under which budget and tax decisions can be made.

### ***The Public Services Program (PSP)***

The Public Services Program is intended to provide a statement of program objectives, recommended levels of public service by the County, an estimate of costs, a statement of revenue sources, and an estimate of the impact of government programs on County revenues and budgets.

The six-year PSP identifies demographic, economic, and fiscal trends and suggests how these may impact upon the government's overall expenditure requirements and revenues. The PSP includes economic and fiscal assumptions which are the basis for six-year revenue projections.

Multi-year expenditure projections include the costs, in the aggregate, of current programs; the requirements of State and Federal law embedded already in existing budgets; the operating budget impacts of projects in the Approved CIP; signed agreements with third parties; annualization and continuing costs of new initiatives; and deduction of one-time expenditures. Not included are potential expenditures which the government is currently not committed to make or which cannot be quantified with certainty at this time. Included in this category are components such as service improvements, productivity investment (and the savings therefrom), future wage agreements, or new costs of State and Federal mandates. Finally, the Fiscal Plan does not include the softer expenditure pressures facing the government, such as inflation.

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## **Capital Improvements Program (CIP)**

The Capital Improvements section describes the impacts of the annual Capital Budget and biennial Capital Improvements Program (CIP) on the Public Services Program. The six-year CIP implies on-going commitment of resources in the PSP for: long- and short-term debt service; cash for nondebt eligible expenditures and debt avoidance; and costs to equip, open, staff, and maintain newly constructed facilities.

## **County Agencies Summaries**

The County Executive is required by the Charter to include recommendations on agency budgets for which the County Council sets tax rates or approves budgets. The Executive recommends expenditure levels and County funding support, where applicable, for the budgets of the Public Schools, Montgomery College, the Montgomery County and bi-county (administration) portions of the Maryland-National Capital Park and Planning Commission, and the Montgomery County and bi-county portions of the Washington Suburban Sanitary Commission. In addition, a summary of the Housing Opportunities Commission budget is included, with the Executive's recommendation for an operating budget appropriation. Copies of the Operating Budget for the Montgomery County Revenue Authority will be available after May 1 of each calendar year, as required by County Code.

## **Debt Service**

Debt service is the amount the County must pay each year for the principal and interest on the County's bonded indebtedness. Debt service is presented both in terms of the specific bond allocations by category and fund and by sources of revenue, including six-year projections of debt service requirements.

## **County Government Recommended Budgets**

The recommended budgets for departments and offices of the Executive Branch, the County Council and legislative offices and boards, and the Circuit Court and judicial functions are presented in detail as program budgets, including recommended resource allocations to the specific programs, services, or activities through which each department performs its mission. See section on "Department Budget Presentations" for further details on department displays.

## **Non-Departmental Accounts (NDAs)**

The Non-Departmental Accounts section contains expenses essential to the operation of the County government which either do not fall within the functional assignment of any department or agency or provide for expenditures related to more than one department or agency. Examples include various grants to municipal governments, contributions to other funds, County government memberships (e.g., in the Maryland Association of Counties), and certain

legally-mandated programs. Responsibility for administration of NDAs is assigned by the Chief Administrative Officer to various offices. All utilities expenditures of the County government are displayed in a separate section to provide combined data on costs by energy type and user departments.

## **Workforce/Compensation**

The Workforce/Compensation section includes detailed information about negotiated settlements with certified employee bargaining units and unrepresented employees and covers both employee benefits and salary schedules. General data related to group insurance, disability protection, and the employee retirement plans are also presented.

## **Budget Summary Schedules**

The Summary Schedules section contains aggregate fiscal data for all agencies for which the County Council sets tax rates, makes levies, or approves programs and/or budgets. The schedules include expenditure and funding totals by agency, department, government function, and source of funding, with both dollar amounts and staffing workyears and positions. Revenues are described and detailed by agency, fund, and type. Ten-year historical trends are also included for major expenditure categories, revenue sources, the government workforce, and tax rates. In addition, department program budgets (dollars and workyears) are compared for the current and next fiscal year.

## **Glossary**

The Glossary contains a definition of terms and acronyms commonly used throughout both the PSP and CIP budget documents.

## **Index**

The Index contains a listing of all Montgomery County government programs, the administering department, and the page number to find information about the program and its recommended budget.

## **DEPARTMENT BUDGET PRESENTATIONS**

For each department within Montgomery County government, the budget presentation includes:

**Mission Statement:** the overall purpose of the department (or major division) in terms of the overall goals or results it expects to achieve for the community or its function in the County government.

**Budget Overview:** recommended appropriations for the department, with changes from the prior fiscal year, in dollars, workyears, and percentage change. If a department's budget contains charges to others or to the Capital Improvements Program (CIP), these charges are summarized here.

**Summary by Program:** listing of each program, including recommended expenditures and workyears.

**Trends:** expenditures, workyears, and related revenues for the prior year; as budgeted and estimated for the current fiscal year; and as recommended for the forthcoming fiscal year.

Workyears reflect only those charged to the department's operating budget. Some departments charge Personnel Costs to other departments or to the CIP, but these are not reflected in the workyear figures. Instead, the recommended workyears and dollar amounts for charges to other departments or the CIP are summarized in the "Budget Overview" section.

Related revenues reflect revenues generated or received by the department as a direct result of its activities. These include user fees, permits and licenses, grants, intergovernmental aid and reimbursements, and other miscellaneous revenues. If the department does not generate or receive revenues, no bar chart is displayed.

**Program Descriptions:** provides the Executive's recommendation for next fiscal year's expenditures and workyears, compared to the current year's approved budget. The narrative includes as applicable:

- Nature, functions, and features of program activity;
- The public need to which it is responding;
- Who or what benefits from the program activity; and
- What the resources allocated will provide to the community.

**Recommended Changes:** describe programmatic activity changes and the associated dollar and workyear changes between the Executive's recommended allocation and the current year's approved budget.

The description includes items relating to: service changes; addition or reduction of program dollars for one-time items (e.g., automation equipment); increases or reductions in charges to or from other departments (including charges to the CIP); shifts in program resources, either to another department or between two programs in the same department; and miscellaneous adjustments. Miscellaneous adjustments include one or more of the following: negotiated compensation, annualization of current year increments; group insurance, social security, and retirement rate changes; position upgrades; changes due to staff turnover; lapse changes; internal service fund rate changes; and miscellaneous operating expense adjustments for inflation, etc.

A verb precedes each of the items in the Recommended Changes table. The following verbs describe a decrease in expenditures:

Verb and Definition
<b>Eliminate</b> – The total elimination of a service, with no anticipation of the service being provided by another entity.
<b>Reduce</b> - Reduction but not elimination of a service.
<b>Decrease Cost</b> - Reduction in cost without service impact.
<b>Shift</b> - For issues involving:
1) the transfer of service delivery and attendant costs between County Government departments; or
2) elimination or reduction of a service, with the anticipation that the service will be provided by another (e.g., State, privatization).

The following verbs describe an increase in expenditures:

Verb and Definition
<b>Add</b> - New services.
<b>Enhance</b> – For issues involving:
1) delivery of more of the same service (i.e, no kind or quality change) occasioned by workload increase from more customers;
2) improvement to the quality of existing services;
3) expenditures in the budget year that would bring cost reduction, additional revenue, and/or cost avoidance in future years. Clear evidence of the savings or avoidance must be provided.
<b>Increase cost</b> - Additional expenditures to provide the same quantity and scope of existing services.
<b>Replace</b> – County assumption of responsibilities previously held by another non-county entity or funded by a restricted grant (e.g. Federal/State/private).

**Budget Summary:** summary data for the department, including actual expenditures for the prior fiscal year, the approved budget and estimated expenditures for the current fiscal year, and the County Executive's recommended appropriations for the coming fiscal year. The presentation includes, by fund, expenditures within appropriation category (Personnel Costs, Operating Expenses, Capital Outlay, and Debt Service); personnel requirements (full-time and part-time positions and workyears); and the related revenue sources. Appropriation categories within the Budget Summary include:

- Salaries and Wages: the cost of all salary expenses for both full-time and part-time positions, including overtime and lapse.

- **Employee Benefits:** social security, retirement, and group insurance. Additional information regarding employee benefits may be found in the Workforce/Compensation section of this document.
- **Operating Expenses:** those costs required to support the operations of the agency, including such items as contracted services, printing, motor pool, and office supplies.
- **Debt Service (for Parking Districts and Solid Waste Disposal Funds only):** the annual payment of principal and interest on bonded indebtedness (for both general obligation and other debt) incurred by departments funded by a Special or Enterprise Fund.
- **Capital Outlay:** funding for the acquisition of fixed assets that have a value of \$5,000 or more and a useful life of more than one year.

**Future Fiscal Impacts:** provides potential future fiscal impacts of the department's programs by Fund over a six-year period when measured against the Executive's recommended budget.

**Program Measures:** displays in text and graphic forms a variety of data about selected programs. Outputs, inputs, service quality, and efficiency are measured. See the end of this section for a fuller description of Program Measures.

**Six-Year Fund Fiscal Plan:** estimates of costs over the six-year planning period are included as overall projections of revenues and expenditures for all Montgomery County Special and Enterprise Funds and many Agency funds. These figures are based on major, known commitments, and assumptions for the projections are explained.

**Service Maps and Other Exhibits:** present additional information (e.g., location of Police, Fire, Library, or Recreation facilities) relevant to the department or its programs, as applicable.

## GOVERNMENT ACCOUNTING METHODS AND FUNDS

The accounting records of Montgomery County government for tax supported funds are maintained on a modified accrual basis, with revenues being recorded only when available and measurable, and expenditures recorded when goods or services are received and liabilities incurred. Accounting records for proprietary and trust funds are maintained on the accrual basis, with all revenues recorded when earned and expenses recorded at the time liabilities are incurred, without regard to receipt or payment of cash. The principal funds of the County government are:

### General Fund

The General Fund is the principal operating fund for the County government. It is used to account for all financial

resources except those required by law, County policy, and generally accepted accounting principles to be accounted for in another fund.

### Special Revenue Funds

Special revenue funds account for activities supported, in part, by special taxes on specific geographical areas, user charges or service fees from those benefiting from special services, or a combination of both. Special revenue funds have been established as follows:

#### Tax Supported Special Revenue Funds

**Economic Development Fund:** accounts for grant, loan, and loan repayment activity to assist in attracting and retaining business operations in Montgomery County.

**Fire Tax District Fund:** accounts for fiscal activity related to the receipt of dedicated property taxes for fire service and the provision of fire and rescue services throughout Montgomery County.

**Mass Transit Facilities Fund:** accounts for fiscal activity related to planning, developing, and operating County government transit programs.

**Noise Abatement District Funds:** account for the receipt and use of resources to pay debt service on bonds issued to finance construction of noise abatement barriers at specific locations along interstate highways.

**Recreation Fund:** accounts for the receipt and use of recreation taxes, program fees, and other resources for the County's Recreation District.

**Revenue Stabilization Fund:** accounts for the accumulation of resources during periods of economic growth and prosperity, when revenue collections exceed estimates. Funds may then be drawn upon during periods of economic slowdown, when collections fall short of revenue estimates.

**Urban District Funds:** account for the receipt and use of resources related to the maintenance and enhancement of the Bethesda, Silver Spring, and Wheaton business districts.

#### Non-Tax Supported Special Revenue Funds

**Cable TV Fund:** accounts for fiscal activity related to the receipt and use of grants from the County's cable television franchisees (Comcast and Starpower) and receipts due to the County over several years as the result of the transfer of ownership of the cable system from the original franchisee to the current owner. Franchise fee payments from the cable company are deposited in this Fund and used to defray costs of cable-related activities of various departments and agencies of County government and to pay municipal co-franchisor expenses as required by County law. Income in excess of the Cable fund's operating requirements may be transferred to the General Fund and used to finance general government operations.

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**Grants Fund:** accounts for the Federal and State grant-funded activities of the tax supported General Fund and Special Revenue Funds.

**Montgomery Housing Initiative Fund:** accounts for fiscal activity related to financing, supplementing, and constructing affordable residential facilities for eligible participants.

**Water Quality Protection Fund:** accounts for fiscal activity related to maintenance of certain stormwater management facilities, a related loan program to help property owners upgrade such facilities, and a water quality protection charge on certain properties.

### **Internal Service Funds**

These funds are used for the financing of goods and services provided by one department or agency to other departments and agencies of the County government on a cost-reimbursement basis. The following are the Internal Service Funds used by Montgomery County government.

**Central Duplicating Fund:** accounts for fiscal activity related to printing and postage services provided to the user agencies, including assessments to departments for mail services and "chargeback" transfers from departments using printing and photocopy services.

**Employee Benefit Health Benefits Self Insurance Fund:** accounts for fiscal activity related to health, life, vision, dental, and long-term disability insurance needs of the participating governmental agencies.

**Motor Pool Fund:** accounts for operating revenues and expenses related to the automotive and other motorized equipment needs of the user departments of Montgomery County.

**Liability and Property Coverage Self-Insurance Fund:** accounts for fiscal activity related to liability, property, and workers' compensation needs of participating governmental agencies.

### **Debt Service Fund**

The Debt Service Fund accounts for fiscal activity related to the payment of principal, interest, and related costs of general obligation debt, long-term leases, and short-term financing.

### **Capital Projects Fund**

The Capital Projects Fund accounts for fiscal activity related to the acquisition or construction of major capital facilities.

### **Permanent Funds**

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs -- that is, for the benefit of the government or its citizenry.

### **Enterprise Funds**

Enterprise funds account for activities: 1) that are financed with debt secured solely by a pledge of the net revenues from the fees and charges of the activity; 2) where the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service; or 3) in certain situations, where a fee is charged to users for goods and services. The following are the Enterprise Funds used by Montgomery County government.

**Community Use of Public Facilities Fund:** accounts for fiscal activity related to making public space, such as schools, available to community organizations, commercial users, and others during non-school hours.

**Liquor Fund:** the Montgomery County Department of Liquor Control has a monopoly on all wholesale sales of alcoholic beverages and retail sales of distilled spirits in the County. This fund accounts for the operations of the County government's liquor retail stores, the liquor warehouse, and the administration of the Department of Liquor Control. Income in excess of the Department's operating requirements is transferred to the General Fund and used to finance general government operations.

**Parking Lot District Funds:** account for fiscal activity related to serving parking needs of those who work and shop in four central business/parking lot districts (Silver Spring, Bethesda, Wheaton, and Montgomery Hills).

**Permitting Services Fund:** accounts for all fiscal activity related to the collection and use of building permit fees and other charges related to the development process.

**Solid Waste Fund:** accounts for fiscal activity of all solid waste disposal operations, including recycling, for the County; County contracted refuse collection within the Solid Waste Collection District; and vacuum leaf collection that provides two vacuum leaf collections to residents in the downcounty during the late fall/winter months.

### **Fiduciary Funds**

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent for individual private organizations, other governmental units, and/or other funds. The following are the Fiduciary Funds used by Montgomery County government.

**Agency Funds:** account for the administration of assets that are received by the County incidentally in connection with the discharge of its responsibilities. The County uses these funds for special assessment development districts and holding property tax payment.

**Private-Purpose Trust Funds:** include trust arrangements under which principal and income benefit individuals, private organizations, or other governments. Also included in these funds is the endowment fund for the Strathmore



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Hall Foundation, to which the County has contributed and which provides funds for operation of the facility.

**Investment Trust Fund:** accounts for the external portion of the County's external investment pool that belongs to legally separate entities and non-component units.

**Pension and Other Employee Benefit Trust Funds:** account for resources that are required to be held in trust for the members and beneficiaries of such pension and employee benefit plans.

### **Other Special Revenue Funds**

Other special revenue funds do not have appropriations within the operating budget; however, their fund balances are re-appropriated as part of the miscellaneous provisions of the appropriation resolution.

**Drug Enforcement Forfeitures Fund:** accounts for the receipt of cash and other property forfeited to the County during drug enforcement operations. Fund resources are used for law enforcement and drug education programs.

**New Home Warranty Security Fund:** accounts for the collection of warranty fees from builders and the payment of homeowner claims against builders.

**Rehabilitation Loan Fund:** a revolving loan fund, established with General Fund money, to help income-eligible homeowners finance rehabilitation required to make their homes conform to applicable Montgomery County Code requirements.

**Restricted Donations Fund:** accounts for donations and contributions received by the County that are restricted for use in specific County programs.

## **PROGRAM MEASURES**

### **Introduction**

It is important for a government to monitor and report not only what it is doing and how much it is spending, but also how well it is doing. Montgomery County's Vision Statement and Guiding Principles underscore the need for performance information by emphasizing the County's commitment to efficient, effective, and responsive government, quality service, customer satisfaction, and accountability.

At the same time, citizens continue to be concerned about what they are getting for their tax dollars. A system of performance measures that emphasizes program outcomes can help to address those concerns as well. By providing comprehensive data on program performance, the County can enhance the public's understanding of "the business of government."

*Montgomery Measures Up!* is Montgomery County's attempt to address the management needs and citizen concerns described above. It is a comprehensive, long-term

effort to clearly define what the County is seeking to achieve with taxpayer dollars and then to measure and manage progress in meeting those goals. The focus is on assessing the performance of individual programs or parts of programs ("program elements") since these are what most managers manage. The performance of each program or program element is reported using a "family of measures" that includes input, output, efficiency, service quality, and program outcome measures. These measures provide a comprehensive overview of the performance of the program or program element from multiple perspectives, ranging from what it costs (inputs) to what it achieves (outcomes) and how efficient it is in producing those results. Because the focus is on specific programs rather than departments or other organizational units, we refer to these indicators as "program measures."

The goal of the *Montgomery Measures Up!* initiative is to make performance measurement—program measures and an emphasis on results—an integral part of the way the County allocates its resources, manages its programs, and reports its progress and achievements. The regular collection, reporting, and use of program measures is expected to serve as an increasingly important tool in managing the County.

### **How to Read the Program Measures Displays**

The various sections describing the Recommended Public Services Program include program measures displays that present a variety of information on the performance of an individual program or program element. The following types of information can be found in these displays:

**Program:** This identifies the departmental program being measured. A full description of these programs can be found in the program descriptions in the department's section of the Recommended PSP Budget.

**Program Element:** In some cases, a department's program is so broad that a more manageable part of the program must be used; this is referred to as a program element.

**Program Mission:** A broad statement of the purpose or reason for existence of a departmental program or program element—why the program is being undertaken, for whom it is undertaken, and what it is supposed to accomplish.

**Community Outcomes Supported:** Broadly stated effects on the community as a whole. They may be the result of programs from several governmental organizations, as well as private sector activities.

**(Program) Outcomes/Results:** The direct results of a program or program element on clients, users, or other target groups; the degree to which the program's mission is achieved.

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**Service Quality:** The degree to which customers are satisfied with a program, the accuracy or timeliness with which the service is provided, and other measures that focus on the excellence of the service delivery process itself.

**Efficiency:** Outputs per unit of input, inputs per unit of output, and similar measures of how well resources are being used to produce goods and services.

**Workload/Outputs:** The amount of services provided, units produced, or work accomplished (outputs), or the external demand that drives County activities (workload).

**Inputs:** Resources used to produce an output or outcome, such as workyears or expenditures.

**Notes:** Special considerations and other information relevant to specific measures and/or data in the program measures display.

**Explanation:** A brief description of the program or program element, explaining the performance information provided by the program measures and its context, including external influences, program changes, new initiatives, and other factors needed to interpret the results shown. A graph of a key result is sometimes included.

**Program Partners in Support of Outcomes:** Governmental departments, agencies, and private sector organizations whose activities also affect the program's clients and results.

**Major Related Plans and Guidelines:** Legislation, planning documents, policy pronouncements, or other documents that provide direction to program efforts.

Actual performance data are shown for the three most recently completed fiscal years. The BUDGET column shows projected results based on the resources budgeted for the current year, and the CE REC column gives the projected performance under the County Executive's recommended budget for the next fiscal year. Because the County's accounting system does not track expenditures by program, it is often difficult to determine actual expenditures on a program (or program element) in any given fiscal year. In those cases where actual program expenditures are not available, the amount originally budgeted for the program is used.

Because *Montgomery Measures Up!* is still growing and evolving, some of the measures are new, some programs lack certain types of measures, and prior year or projected results may not be available for certain measures. The latter condition is signified by "NA." Results that are shown as "TBD" correspond to a new measure that is still "To Be Developed" or an established measure for which data have not yet been received. The inclusion of "TBD" in

conjunction with a new measure signifies the department's commitment to develop that measure in time to provide data (or meaningful estimates) for the fiscal year indicated.

## **Departmental Outcome Measures Displays**

While program measures displays focus on individual programs and program elements, some departments have chosen to provide an exhibit highlighting the department's overall performance. These "departmental outcome measures displays" show the organization's overall vision and mission, key indicators of the degree to which the department is achieving that mission (departmental outcome measures), and how as a group the department's programs contribute to those outcomes. Departmental outcome measures can include program outcome measures for a department's major programs, measures of community outcomes that are especially salient for the given department, and/or measures of results that emerge from the effects of several of the department's programs.

This document includes only a few of the many program measures displays that County departments have prepared in connection with this budget. All of the measures and displays developed by County departments are available in a separate report, *Montgomery Measures Up!* This document, which will be available in early April, can be obtained from the County's Office of Management and Budget, 101 Monroe Street - 14<sup>th</sup> Floor, Rockville, Maryland 20850 (240-777-2800). *Montgomery Measures Up!* can also be viewed on the County's website, [www.montgomerycountymd.gov](http://www.montgomerycountymd.gov).

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## **EXPLANATION OF TABLES THAT FOLLOW**

### ***Montgomery County Government Public Documents***

This table contains a list of all budget-related public documents, including the approximate dates of publication and how they may be obtained.

### ***Budget Process Flow Chart***

This chart follows the Capital/CIP and Operating/PSP budget process from the start of the process in August to the final approval of the budgets in June for all agencies.

### ***Montgomery County Functional Organization Chart***

This chart displays the organizational structure of departments and agencies for the County government.

### ***Montgomery County Map***

This map displays the major roads in the County, and the County's location in the State of Maryland.

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## **MONTGOMERY COUNTY PUBLIC DOCUMENTS: ANNUAL BUDGETS, GROWTH POLICY, AND OTHER SOURCES OF INFORMATION**

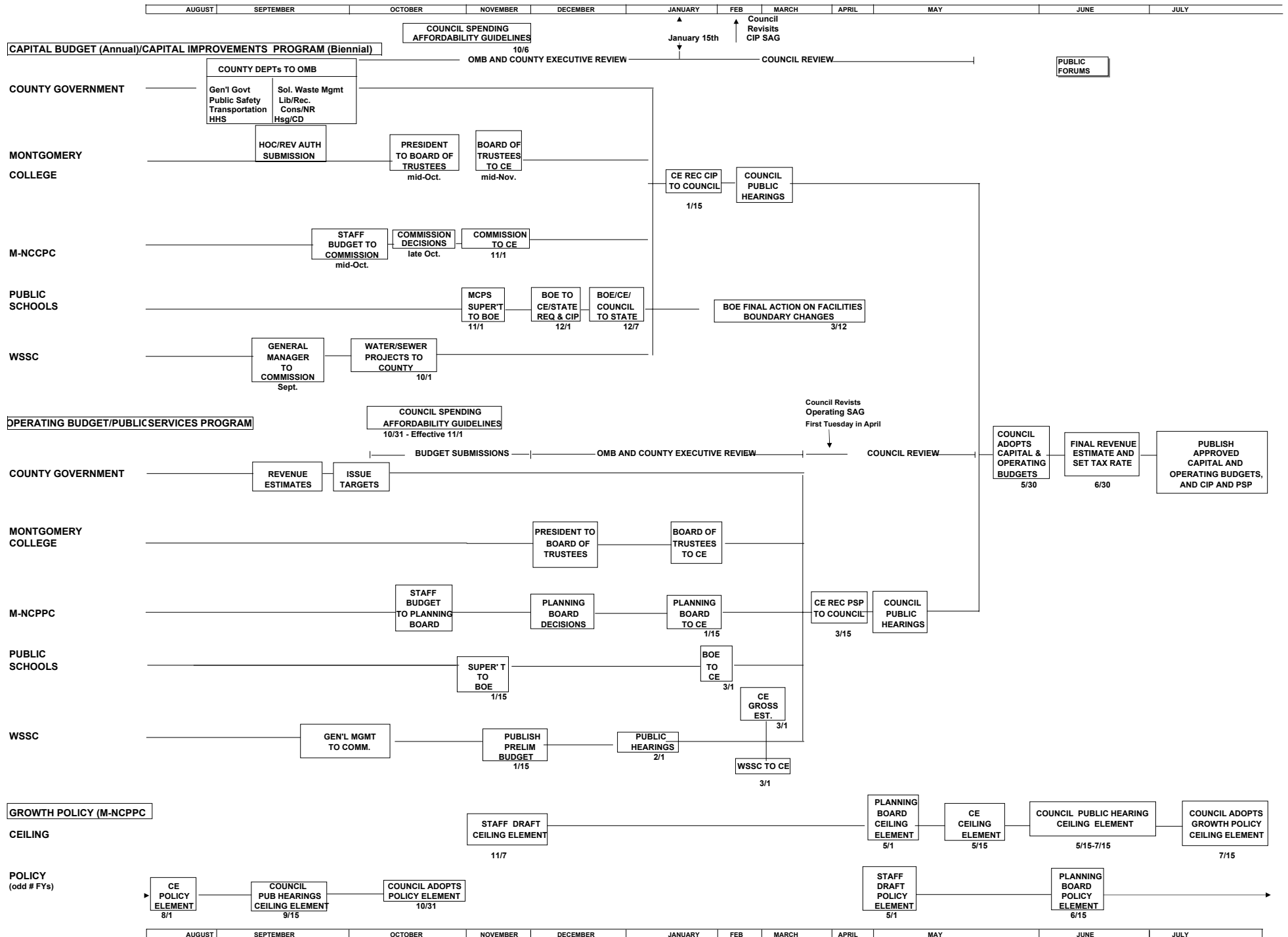
<b><u>DATE</u></b>	<b><u>ITEM</u></b>	<b><u>AVAILABILITY</u></b>
January 15 (even calendar years)	<b>COUNTY EXECUTIVE'S RECOMMENDED CAPITAL BUDGET AND CAPITAL IMPROVEMENTS PROGRAM (CIP)</b> County Executive's Transmittal; Introductory Sections; County Government Departments; HOC; Revenue Authority; MCPS; Montgomery College; M-NCPPC; WSSC	Reference copies at all public libraries Office of Management and Budget (240.777.2800) (for purchase on limited basis) World Wide Web at: <a href="http://www.montgomerycountymd.gov/omb">www.montgomerycountymd.gov/omb</a>
January 15 (odd calendar years)	<b>COUNTY EXECUTIVE'S RECOMMENDED CAPITAL BUDGET AND AMENDMENTS TO (PRIOR YEAR) CAPITAL IMPROVEMENTS PROGRAM</b> County Executive's Transmittal; Capital Budget; Amendments	Reference copies at all public libraries Office of Management and Budget (240.777.2800) (for purchase on limited basis) World Wide Web at: <a href="http://www.montgomerycountymd.gov/omb">www.montgomerycountymd.gov/omb</a>
March 15	<b>COUNTY EXECUTIVE'S RECOMMENDED OPERATING BUDGET AND PUBLIC SERVICES PROGRAM</b> County Executive's Transmittal; Financial Summaries; Non-Government Agencies; Legislative, Judicial, Executive Branch Departments	Reference copies at all public libraries Office of Management and Budget (240.777.2800) (for purchase on limited basis) World Wide Web at: <a href="http://www.montgomerycountymd.gov/omb">www.montgomerycountymd.gov/omb</a>
March 31	<b>MONTGOMERY MEASURES UP!</b> Contains Program Measure displays for all County departments	Office of Management and Budget (240.777.2800) World Wide Web at: <a href="http://www.montgomerycountymd.gov/omb">www.montgomerycountymd.gov/omb</a>
March 31	<b>FISCAL PLAN</b> Contains estimates of costs and revenues over the six-year planning period for all Montgomery County special and enterprise funds and many Agency funds.	Office of Management and Budget (240.777.2800) World Wide Web at: <a href="http://www.montgomerycountymd.gov/omb">www.montgomerycountymd.gov/omb</a>
May 1 (odd calendar years)	<b>GROWTH POLICY, POLICY ELEMENT - STAFF DRAFT</b>	Reference copies from M-NCPPC (301.495.4610)
May 1	<b>PLANNING BOARD RECOMMENDED GROWTH POLICY - CEILING ELEMENT</b>	Reference copies from M-NCPPC (301.495.4610)
June 15 (odd calendar years)	<b>PLANNING BOARD RECOMMENDED GROWTH POLICY - POLICY ELEMENT</b>	Reference copies from M-NCPPC (301.495.4610)
mid-July (even calendar years)	<b>APPROVED OPERATING AND CAPITAL BUDGETS, AND APPROVED CAPITAL IMPROVEMENTS PROGRAM</b> PSP and CIP Appropriation and Approval Resolutions; Operating Budget, CIP and Capital Budget Summaries; Project Description Forms for County Government Programs, HOC, Revenue Authority, MCPS, Montgomery College, M-NCPPC, and WSSC	Reference copies at all public libraries Office of Management and Budget (240.777.2800) (for purchase on limited basis) World Wide Web at: <a href="http://www.montgomerycountymd.gov/omb">www.montgomerycountymd.gov/omb</a>
mid-July (odd calendar years)	<b>APPROVED OPERATING AND CAPITAL BUDGETS, AND APPROVED AMENDMENTS TO THE CAPITAL IMPROVEMENTS PROGRAM</b> PSP and CIP Appropriation and Approval Resolutions; Operating and Capital Budget Summaries; and selected Project Description Forms for County Government Programs, HOC, Revenue Authority, MCPS, Montgomery College, M-NCPPC, and WSSC	Reference copies at all public libraries Office of Management and Budget (240.777.2800) (for purchase on limited basis) World Wide Web at: <a href="http://www.montgomerycountymd.gov/omb">www.montgomerycountymd.gov/omb</a>

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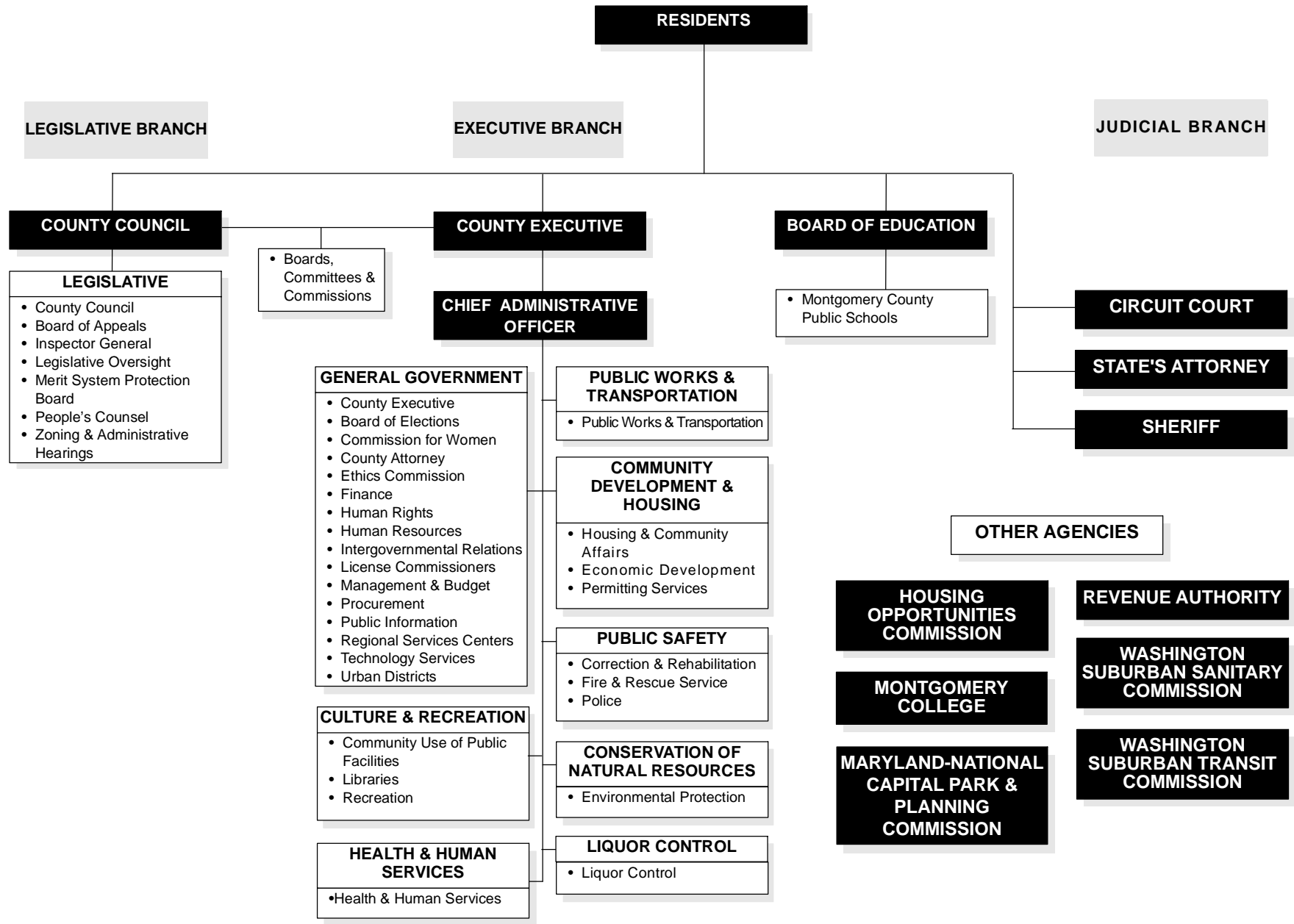
## **MONTGOMERY COUNTY PUBLIC DOCUMENTS: ANNUAL BUDGETS, GROWTH POLICY, AND OTHER SOURCES OF INFORMATION**

<b><u>DATE</u></b>	<b><u>ITEM</u></b>	<b><u>AVAILABILITY</u></b>
November	<b>GROWTH POLICY CEILING ELEMENT - STAFF DRAFT</b>	Reference copies from M-NCPPC (301.495.4610)
Late December	<b>COMPREHENSIVE ANNUAL FINANCIAL REPORT</b>	Reference copies at all public libraries Department of Finance (240.777.8822) (on limited basis) <a href="http://www.montgomerycountymd.gov/finance">www.montgomerycountymd.gov/finance</a>
Quarterly	<b>ECONOMIC INDICATORS</b>	Department of Finance (240.777.8866) World Wide Web at: <a href="http://www.montgomerycountymd.gov/finance">www.montgomerycountymd.gov/finance</a>
Monthly (To update the Economic Indicators Report)	<b>ECONOMIC UPDATE</b>	Department of Finance (240.777.8866) World Wide Web at: <a href="http://www.montgomerycountymd.gov/finance">www.montgomerycountymd.gov/finance</a>
Annually	<b>ANNUAL INFORMATION STATEMENT</b>	Reference copies from the Department of Finance (240.777.8866) (on limited basis)
Available throughout the year	<b>MONTGOMERY COUNTY HISTORICAL SOCIETY INFORMATION</b>	Montgomery County Historical Society (301.340.2825) World Wide Web at: <a href="http://www.montgomeryhistory.org">www.montgomeryhistory.org</a>
Available throughout the year	<b>MONTGOMERY COUNTY DEMOGRAPHIC INFORMATION</b>	Maryland-National Capital Park and Planning Commission: Montgomery County Planning Board (301.495.4700) World Wide Web at: <a href="http://www.mc-mncppc.org/research">www.mc-mncppc.org/research</a> and <a href="http://www.mcparkandplanning.org/research/omb/">www.mcparkandplanning.org/research/omb/</a>

# BUDGET PROCESS FLOW CHART



# MONTGOMERY COUNTY, MARYLAND FUNCTIONAL ORGANIZATION CHART



## 2-16 General Information

